

DSCA BUDGET/COSTS INITIATIVES

DEFENSE SECURITY
COOPERATION
CONFERENCE

10-12 JULY 2000

BACKGROUND

- WHY CHANGE BUDGET/COSTS PROCESSES FOR THE FMS ADMINISTRATIVE FUND?
 - Relate FMS Administrative resources to program objectives and workload
 - Provide a basis for determining the annual FMS Administrative fund ceiling Respond to inquiries from the Hill, OMB and others on the cost of the Security Cooperation program
 - Answer countries on what they get for the FMS Administrative fee
 - Contribute to determining the FMS Administrative rate
 - Rationalize infrastructure

INITIATIVES

- Implement a new Performance Based Budget (PBB) system for the FMS Administrative Fund
 - PBB would borrow elements of the DOD's Planning, Programming and Budgeting (PPBS) system and would relate budgetary resources to performance objectives in 6 key areas that parallel the FMS process (pre-LOR; LOA Development; Case Execution; Case Closure; Other Security Cooperation; Organizational Support)
 - Implement some elements in FY 01 with full implementation in the FY 02 budget cycle
- Review the feasibility of implementing a Performance Based Cost (PBC) system to support PBB, budget ceilings, FMS Admin rate calculation
 - PBC would contain elements of ABC and aggregate costs in the same six functional areas as PBB.

BENEFITS

- These initiatives would:
 - Revitalize the FMS Administrative budgetary process
 - Provide a framework for linking program objectives, resource allocation, and costs
 - Allow for prioritization of program objectives
 - Provide a mechanism for allocating (and potentially re-allocating) finite resources